

**1. ESTABLISHMENT OF WHOLLY-OWNED SUBSIDIARY - CHOZ CONFECTIONERY PTE. LTD.**  
**2. USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)**

**1) ESTABLISHMENT OF WHOLLY-OWNED SUBSIDIARY - CHOZ CONFECTIONERY PTE. LTD.**

The Board of Directors (the “**Board**”) of Neo Group Limited (the “**Company**”) wishes to announce that the Company has established a wholly-owned subsidiary in the Republic of Singapore, namely, CHOZ Confectionery Pte. Ltd. (Company Registration Number 201429315M) (“**Subsidiary**”) with a registered capital of S\$800,000.00. The principal activity of the newly set up Subsidiary is related to those of manufacturing of bread, cakes and confectionery.

The establishment of the Subsidiary is funded from the balance of IPO proceeds and is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the current financial year end.

Save for their respective shareholdings in the Company, none of the directors, controlling shareholders or substantial shareholders of the Company, has any interest, whether directly or indirectly, in these transactions contemplated herein.

**2) USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)**

The Board of Directors (the “**Board**”) of Neo Group Limited (the “**Company**”) refers to the announcements made on 18 April 2013, 28 August 2013 and 26 September 2013 (the “**Announcements**”).

In accordance with the section entitled “Use of Proceeds and Listing Expenses” of the Offer Document, the Company announced that after deducting listing expenses of approximately S\$1.6 million, the net proceeds was approximately S\$5.0 million.

Further to the Announcements, the Board is pleased to provide an update on the utilisation of the balance of the net proceeds as per the table below.

Intended usage	Allocation	Amount Utilised as at the date of this announcement	Balance	Description for Amount Utilised
	(\$'000)	(\$'000)	(\$'000)	
<ul style="list-style-type: none"> <li>• Expand and develop the Food Catering Business and Food Retail Business (which may include acquisitions, joint ventures and/or strategic alliances)</li> </ul>	5,000	(5,000)	0	<ul style="list-style-type: none"> <li>• S\$1.0 million - Capital injection into its wholly-owned subsidiary, NKK Import &amp; Export Trading Pte. Ltd., for capital expenditure and working capital purposes so as to enable the Group to develop and expand its trading business to third parties</li> <li>• S\$2.7 million - Capital injection into its wholly-owned subsidiary, Neo Garden Catering Pte. Ltd., to partially fund the Group’s proposed acquisition of 5 units of properties at Enterprise Road, renovation and purchase of equipment.</li> </ul>

Intended usage	Allocation	Amount Utilised as at the date of this announcement	Balance	Description for Amount Utilised
	(\$'000)	(\$'000)	(\$'000)	
				<ul style="list-style-type: none"> <li>• S\$0.8 million - Capital injection into its wholly-owned subsidiary, CHOZ Confectionery Pte. Ltd., for its capital expenditure and working capital purposes.</li> <li>• S\$0.5 million - Working capital and general corporate purposes</li> </ul>
• IPO Expenses	1,600	(1,600)	0	
<b>Total</b>	<b>6,600</b>	<b>(6,600)</b>	<b>0</b>	

The Board is of the view that the above utilisation is in accordance with the disclosure in page 38 of the Offer Document dated 2 July 2012.

Following the above mentioned utilisations of proceeds as well as those previously announced, the Company has disbursed the entire proceeds of S\$6.6 million.

By Order of the Board

Neo Kah Kiat  
 Chairman and Chief Executive Officer  
 Neo Group Limited  
 3 October 2014

*This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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